

**Interim Review of
Phase I for Memorandum of Understanding
SOUNDWCT
Soundwall Projects for
SR-170 Saticoy Street to Roscoe Boulevard
I-210 Rosemead Boulevard to Baldwin Avenue
I-210 Citrus Avenue to Glendora Avenue**

08-CAL-G02

DECEMBER 2008

MOU SOUNDWCT



Metro

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EXECUTIVE SUMMARY

At the request of the Project Managers, Kathleen Sanchez and Benkin Jong, an interim review was completed by Los Angeles County Metropolitan Transportation Authority (Metro) Management Audit Services (Management Audit) for the Transportation Improvement Program (TIP) call for project Memorandum of Understanding (MOU) SOUNDWCT. This MOU is with the State of California, Department of Transportation (Caltrans) for Plans, Specifications, & Estimates (PS&E) and Right-of-Way Acquisition and Support of soundwalls on State Route 170 (SR-170) Saticoy Street to Roscoe Boulevard, Interstate 210 (I-210) Rosemead Boulevard to Baldwin Avenue, I-210 Citrus Avenue to Glendora Avenue, and I-210 Santa Anita Avenue to California Avenue.

The estimated total project cost of the MOU is \$8,122,230 and Metro's share is 100 percent. Caltrans and Metro agreed to separate this MOU into four different projects and assigned separate grant budgets for each. The scope of this review is limited to three projects which are soundwalls on (1) SR-170 Saticoy Street to Roscoe Boulevard, (2) I-210 Rosemead Boulevard to Baldwin Avenue and (3) I-210 from Citrus Avenue to Glendora Avenue. Metro programmed \$4,341,000 from Prop C 25 percent fund. Please note that we are issuing this review report to cover the three projects mentioned above; however each project included in the scope of this review was given a separate assignment number. Therefore, this review report incorporates our review results for assignments 08-CAL-G02, 08-CAL-G06 and 08-CAL-G07.

The total project cost of \$7,397,821 was incurred from inception of the MOU to August 1, 2007 for the three projects described above. The allowable project cost is \$7,397,821. Caltrans was reimbursed \$4,341,000 and no retention was withheld. There is a \$3,056,821 overrun of the project cost compared to the programmed budget. However, this MOU programmed \$4,341,000 of Prop C 25 percent funding as 100 percent of the total budget for these projects; therefore, Caltrans is responsible for the \$3,056,821 overrun on this project cost.

INTRODUCTION

Background

This MOU is between the Caltrans and Metro. The objective of the project is to prepare Plans, Specifications, & Estimates (PS&E) for the Soundwall projects on SR-170 Saticoy Street to North of Roscoe Boulevard, I-210 Rosemead Boulevard to East of Baldwin Avenue, I-210 from West of Citrus Avenue to Glendora Avenue, and I-210 from Santa Anita Avenue to California Avenue. Caltrans and Metro agreed to separate this MOU into the following four packages for the PS&E portion:

INTRODUCTION

Package 1 – SR-170 Saticoy Street to North of Roscoe Boulevard -	\$1,681,967
Package 2 – I-210 Rosemead Blvd to East of Baldwin Avenue -	1,367,528
Package 3 – I-210 West of Citrus Avenue to Glendora Avenue -	1,291,505
Package 4 – I-210 Santa Anita Avenue to California Avenue -	<u>2,242,000</u>
Total	<u>\$6,583,000</u>

The MOU also includes \$1,539,230 for Right of Way Acquisition and Support related to package 2 and 3. The MOU was amended by amendment one on February 13, 2006 to include package 4 and the additional funding for Right-of-Way Acquisition and Support. The scope for our review is limited to the PS&E portion of the MOU for packages 1 through 3 only. The total for these three projects is \$4,341,000. The MOU commenced on May 1, 2004 and the lapsing date was December 31, 2006.

Objectives

The audit objectives were to:

- Determine the allowability, allocability and reasonableness of the incurred cost.
- Determine whether costs incurred and billed were allowable under relevant cost standards and in compliance with the specific general terms of the MOU and project management guidelines.
- Determine whether costs incurred were properly and accurately charged to the MOU, were reasonable in amount, and were supported by documented evidence.
- Determine whether costs were properly recorded for reimbursement purposes and that reimbursements were received by Caltrans and the Metro's accounting records properly reflect these transactions.
- Determine whether invoices were submitted within the lapsing date and within the period for which the funds were programmed.

Scope

The scope for our review is limited to the PS&E portion of the MOU for packages 1 through 3 only. The total for these three projects is \$4,341,000. We reviewed the amount invoiced by the Caltrans for costs incurred in the performance of the MOU. The invoices were submitted between December 15, 2004 and January 26, 2006. We also reviewed the amounts paid as of February 23, 2006.

INTRODUCTION

We conducted this attestation review in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives. We used the cost principles contained in the Federal Acquisition Regulation (FAR) Subparts 30 and 31, and the MOU Provisions to evaluate and analyze the incurred cost.

The cost claimed is the responsibility of Caltrans. Our responsibility is to express a conclusion based on the review. The review report is intended solely for the use of Metro's management and should not be used for any other purpose without first consulting Management Audit.

Methodology

We selected invoices submitted by Caltrans and traced various costs included on the invoices to supporting documentation such as payroll records. We reviewed the costs for allowability in accordance with applicable cost standards and compliance with the terms and conditions of the MOU. We also review Metro's accounting and grant records to determine if the amounts claimed for reimbursement, as represented by the invoices submitted by Caltrans, were actually paid.

RESULTS

Conclusion

We take no exception to the total project cost of \$7,397,821 claimed by Caltrans. However, this MOU programmed \$4,341,000 of Prop C 25 percent funding as 100 percent of the total budget for these projects. Caltrans is responsible for the \$3,056,821 overrun on the project cost. Caltrans was reimbursed \$4,341,000 for the project cost with no retention withheld by Metro. There is no balance remaining on this MOU. Please see Appendix A for detailed review result.

Recommendation

We recommend \$4,341,000 as the final cost for the PS&E portion of the MOU for packages 1 through 3 related to the projects described above.

Management Response

The Project Manager concurred with the results and recommendations of the audit.

RESULTS

Caltrans' Response:

In Caltrans' letter dated September 26, 2008, Caltrans agreed with the review result. Please see Appendix B for the letter.



ruthe holden
Thu Dec 11 14:38:32 2008

Ruthe Holden
Chief Auditor
December 2008

Audit Team:
Rey Alimoren
Andrew Lin
Kathy Knox

APPENDIX A

STATE OF CALIFORNIA, DEPARTMENT OF TRANSPORTATION
PLANS, SPECIFICATIONS & ESTIMATES OF SOUNDWALLS
MOU.SOUNDWCT
SUMMARY OF PROJECT FUNDING AND EXPENDITURES

	Budgeted	Total Project	Audited		
Description	Costs	Cost Per PCS	Project Cost	Payments	Difference
	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>d - a</i>
PS&E:					
100 Percent Programmed Prop C 25%:					
Package 1, SR-170 Saticoy St. to Roscoe Blvd.	1,681,967	2,074,518	2,074,518	1,681,967	
Package 2, I-210 Rosemead Blvd To Baldwin Ave.	1,367,528	2,908,707	2,908,707	1,367,528	
Package 3, I-210 Citrus Ave. To Glendora Ave.	1,291,505	2,414,596	2,414,596	1,291,505	
Total	\$ 4,341,000	\$ 7,397,821	\$ 7,397,821	\$ 4,341,000	\$ -

APPENDIX B

STATE OF CALIFORNIA — BUSINESS, TRANSPORTATION AND REVENUE AGENCY

ARNOLD SCHWARZENEGGER, Governor

DEPARTMENT OF TRANSPORTATION

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*Flex your power!
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September 26, 2008

Kathleen Sanchez, Project Manager
Benkin Jong, Project Manager
Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza (MS 99-22-2)
Los Angeles, CA 90012-2952

Dear Ms. Sanchez and Mr. Jong:

Thank you for the opportunity to respond to the draft audit report on the interim audit performed on Memorandum of Understanding (MOU) SOUNDWCT between the Los Angeles County Metropolitan Transportation Authority (Metro) and the California Department of Transportation (Caltrans). The purpose of this MOU was for Caltrans to prepare Plans, Specifications, and Estimates (PS&E) for soundwalls on the following four projects: 1) SR-170 Satcoy Street to Roscoe Boulevard; 2) I-210 Rosemead Boulevard to Baldwin Avenue; 3) I-210 Citrus Avenue to Glendora Avenue; and 4) I-210 Santa Anita Avenue to California Avenue.

The purpose of the interim audit was to determine the allowability, allocability, and reasonableness of the incurred costs for the period of December 15, 2004 through January 26, 2006. The scope of the interim audit was limited to expenditures related to the first three projects, the auditors did not review invoices related to project number four.

The auditors concluded that the project costs totaled \$7,397,821 and that Caltrans was reimbursed \$4,341,000 with no retention withheld by Metro. Metro is recommending that the \$4,341,000 be accepted as the final cost of the PS&E portion of the MOU for the three projects. Caltrans agrees with the recommendation.

Caltrans appreciates the opportunity to respond to the draft report. If you have any questions, or require additional information, please contact Laurine Bohamera, Chief, Internal Audits, at (916) 323-7107 or Juanita Baier, Audit Supervisor, at (916) 323-7951.

Sincerely,

GERALD A. LONG
Deputy Director
Audits and Investigations

"Caltrans improves mobility across California"

APPENDIX B

Kathleen Sanchez, Project Manager
Benkin Jong, Project Manager
September 26, 2008
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c: Ruth Holden, Chief Auditor, Metro
Kathy Knox, Supervising Auditor, Metro
Tad Teferi, Deputy District Director, Program and Project Management, District 7
Clark Paulsen, Chief, Division of Accounting
Laurine Bohamera, Chief, Internal Audits
Juanita Baier, Audit Supervisor